



The influence of Price, Innovation, and Brand Image on Purchase Decision

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Abstract

This study aims to determine how big the influence of price, innovation and brand image partially or jointly on purchasing decisions. The method of data collection was through questionnaires with a sample of 95 students from the Faculty of Economics, Universitas Negeri Padang, Department of Management. The method used is multiple regression analysis. The results of the correlation analysis test show that there is a significant relationship between price, innovation and brand image on purchasing decisions for LENOVO products. The results of the multiple linear regression analysis were obtained: (a) There is a negative and significant effect between price on purchasing decisions, as evidenced by the value of $t\text{-statistic} < t\text{-table}$ ($-2.627 < 1.986$). (b) There is a positive and significant influence between innovation on purchasing decisions, as evidenced by the value of $t\text{-statistic} > t\text{-table}$ ($4.494 > 1.986$). (c) There is a significant influence between brand image on purchasing decisions, as evidenced by the value of $t\text{-statistic} > t\text{-table}$ ($4.631 > 1.986$). Then based on the joint hypothesis test (F test) it can be seen that the value of $F\text{-statistic} > F\text{-table}$ ($21.902 > 2.70$). So the author concludes that price, innovation and brand image have a significant effect on purchasing decisions and the result of Determination (R^2) the value is 0.419 this shows that the contribution of the influence of the variables studied in this study is 41.9% and the remaining 58.1% is influenced by the variables others outside of this study.

Keywords: Price, Innovation, Brand Image, Purchase Decision

1. Introduction

Sharp competition between technology companies that produce the same product makes consumers to think selectively. When consumers have many choices in determining purchases of the same product, buyers will think about the factors that become their consideration in making purchasing decisions.

Price is the most basic thing used by a buyer in making purchase considerations. Potential consumers will compare the price of a product with other products that provide the same benefits. Consumers will not form purchasing decisions if the price is considered not in accordance with the use value they get in consuming the product (Ahmad, 2013). According to Tjiptono (2011) simply the term price can be interpreted as the amount of money (monetary unit) and/or other aspects (non-monetary) that contain certain utilities/ usages needed to obtain a product/service. When a price is deemed commensurate with the use value and the effort they put into getting the product, potential buyers will make other

comparisons to the product's advantages such as innovation.

According to Kotler (2010: 36), product innovation is a combination of various processes that influence each other. Thus it can be said that product innovation can influence purchasing decisions, because with innovation, consumers will not feel disappointed with the products offered by manufacturers.

A brand is not just a name, term, sign, symbol or a combination thereof. More than that, the brand is the company's promise to consistently provide features, benefits, and services to customers (in Ahmad, 2013). And it is this "promise" that makes the wider community familiar with the brand. This statement proves that brand image can provide confidence for consumers in purchasing a product.

With a good perception of quality will create a good image for a product that will lead to consumer purchasing decisions. Brand image is a set of beliefs, ideas, and impressions that a person has of a brand. This statement proves that the brand image that is

formed in the community (consumers/customers) is about the good and bad of the company.

Assauri (2011) defines price as the only element of the marketing mix that generates sales revenue, while the other elements are only cost elements. Prices can be expressed in various terms such as fees, rates, rent, interest, premiums, commissions, wages, salaries, honorariums, tuition fees and so on. From a marketing point of view, price is a monetary unit or other measure (including interest and other services) that is exchanged in order to obtain the right to ownership or use of a good or service.

According to Kotler and Armstrong (2012) said that price is the amount of money charged for a product or service, or more clearly is the sum of all the values given by customers to get a benefit by owning or using a product or service.

According to Kotler in Sunyoto (2014) price is the amount of money charged for a particular product. Companies set prices in a variety of ways. In small companies, prices are often set by top management. In large companies, pricing is usually handled by divisional or product line managers. Consumers are interested in getting an item or service at a fair price, a fair price which actually means the value that is prepared is appropriate at the time the transaction is made. Consumers usually associate price with supporting facilities and service quality of the accompanying product. If consumers are satisfied with the price to be paid for the benefits they get, this will lead to profits for the company because these consumers will continue to use the products or services of the company, recommend to others, and convey positive things about the company and its customers. the product or service to others.

According to Kotler in the journal Ihda La Aleiyya (2014) innovation is a product or service that is perceived by consumers as a new product or service. In simple terms, innovation can be interpreted as a breakthrough related to new products. Innovation is not limited to the development of new products or services. innovation also includes new business thinking and new processes. Innovation is also seen as a company's mechanism to adapt in a dynamic environment. Therefore, the company is expected to create new ideas, new ideas that offer innovative products and provide satisfactory service to customers. Innovation increasingly has an important meaning not only as a tool to maintain the survival of the company but also to excel in the competition.

According to Crawford and Benedetto in Wijaya and Harjanti (2015) product innovation is an innovation that is used in the company's overall operations where a new product is created and marketed, including the innovation of all functional processes or their uses. Product innovation is applied to total operations with newly manufactured and marketed

products, and that includes innovation in all functional processes.

This is also supported by Kotabe in Tamamudin (2012) which shows that the higher the product innovation made by the company, the higher the company's performance through increasing purchasing decisions. In global competition, companies must be able to modify their products to add value to the products produced and must be able to meet the needs and tastes of consumers.

According to Abdullah and Tantri (2014) a brand is a seller's promise to consistently deliver a specific set of properties, benefits, and services to buyers. Brand image or brand image is an image owned by a company that is built to influence consumer behavior in making decisions. Brand is everything related to the company, product or service all attributes both tangible and intangible.

Brands have become elements that contribute to the success of a marketing organization, both business and non-profit organizations, manufacturers and service providers, and local, regional and global organizations. Branding is giving brand power to products and services. For a branding strategy to be successful and brand value to be created, consumers must be convinced that there are significant differences between brands in product and service categories.

According to Schiffman and Kanuk in Sungadji and Sopiah (2013: 120) defines a decision as the selection of an action from two or more alternative choices. A consumer who wants to choose must have an alternative choice. According to Daryanto in Ahmad (2013) which states that basically purchasing decisions are strongly influenced by purchase motives which can be because buyers make purchases only for emotional considerations, such as pride, suggestions, and so on. But also buyers buy rationally like the price. According to Alma in Ahmad (2013) purchase decision is a consumer decision that is influenced by the financial economy, technology, politics, culture, product, price, location, promotion, physical evidence, people and process, thus forming an attitude on consumers to process all information. and draw conclusions in the form of responses that appear what products to buy. Based on the above theory, the conceptual framework is as follows:

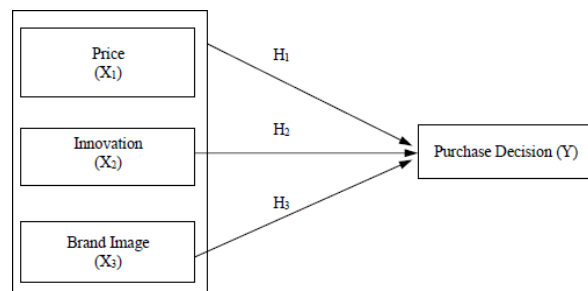


Figure 1. Research Framework

Based on conceptual framework. The hypotheses of this research as follows:

- H₁:** Price has a positive and significant effect on purchase decision
H₂: Innovation has a positive and significant effect on purchase decision
H₃: Brand Image has a positive and significant effect on purchase decision

2. Method

This research was conducted on students majoring in management at Universitas Negeri Padang who use Lenovo products in the form of laptops or cellphones. In this case, it is necessary to distinguish between valid research results and reliable valid research results if there is a similarity between the data collected and the data that actually occurs in the object under study. So it is necessary to test the validity and reliability

Then the classical assumption test is carried out, which consists of normality test, heteroscedasticity test, multicollinearity test as a prerequisite for multiple regression analysis. hypothesis testing using F test, t test and coefficient of determination test.

3. Result and Discussion

The validity test for the price, innovation, brand image and purchase decision variables is in table 1, table 2, table 3, and table 4 below:

Table 1. Validity Result of Variable Price (X₁)

Question	<i>r_{statistic}</i> N = 95	<i>r_{table} (5%)</i> Df = N = 95	Status
1	0.519	0.2017	Valid
2	0.707	0.2017	Valid
3	0.705	0.2017	Valid
4	0.739	0.2017	Valid
5	0.649	0.2017	Valid
6	0.582	0.2017	Valid

Data processed by author

Table 2. Validity Result of Variable Innovation (X₂)

Question	<i>r_{statistic}</i> N = 95	<i>r_{table} (5%)</i> Df = N = 95	Status
1	0,497	0.2017	Valid
2	0,633	0.2017	Valid
3	0,619	0.2017	Valid
4	0,698	0.2017	Valid
5	0,637	0.2017	Valid
6	0,628	0.2017	Valid

Data processed by author

Table 3. Validity Result of Variable Brand Image (X₃)

Question	<i>r_{statistic}</i> N = 95	<i>r_{table} (5%)</i> Df = N = 95	Status
1	0,600	0.2017	Valid
2	0,644	0.2017	Valid
3	0,709	0.2017	Valid
4	0,647	0.2017	Valid
5	0,549	0.2017	Valid
6	0,564	0.2017	Valid

Data processed by author

Table 4. Validity Result of Variable Purchase Decision (X₄)

Question	<i>r_{statistic}</i> N = 95	<i>r_{table} (5%)</i> Df = N = 95	Status
1	0,331	0.2017	Valid
2	0,605	0.2017	Valid
3	0,698	0.2017	Valid
4	0,714	0.2017	Valid
5	0,680	0.2017	Valid

Data processed by author

Based on table 1, table 2, table 3 and table 4, all of the statement items in the questionnaire have been categorized as valid, then the validity test, then reliability testing, the results of which are in table 5 below:

Table 5. Reliability Test Result

Variables	n=95		Rule of thumb	Decision
	Total Item	Cronbach alpha		
Price (X ₁)	6	0.761	0.6	Reliable
Innovation (X ₂)	6	0.748	0.6	Reliable
Brand Image (X ₃)	6	0.747	0.6	Reliable
Purchase Decision (Y)	5	0.740	0.6	Reliable

Data processed by author

Based on table 5, that the instrument used can be categorized as reliable. Furthermore, the classical assumption test consists of normality test, heteroscedasticity test and multicollinearity test.

After testing the classical assumptions, the coefficient of determination test is carried out, the results of which are shown in table 6 below:

Table 6. Coefficient Determination Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.648 ^a	.419	.400	1.775

Data processed by author

Based on the table above, the value of R Square (R²) is 0.419, this shows that the contribution of price, innovation and brand image variables to purchasing decisions is 0.419 or 41.9% while the remaining 58.1% is influenced by other variables not examined in the study. These such as product, distribution, promotion, and other factors that can influence purchasing decisions. The results of the F test are in table 7 below:

Table 7. F-test Result

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	206.971	3	68.990	21.902	.000 ^b
1 Residual	286.650	91	3.150		
Total	493.621	94			

Data processed by author

From the table above, it can be seen that this test was carried out by comparing the F statistical value with the F table because the F statistic value was greater than the F table (21.902 > 2.70). The F statistic value is 21.902 with a significant level of 0.000 which is smaller than alpha (0.05), then Ho is rejected and Ha is accepted, which means that simultaneously price, innovation and brand image have a significant effect on purchasing decisions.

Furthermore, the t-test, the results of which are in table 8 below:

Table 8. t-Test Result

Model	Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
(Constant)	10.008	1.852		5.404	.000
1 Price_X1	-.140	.053	-.210	-2.627	.010
Innovation_X2	.258	.057	.378	4.494	.000
Brand_Image_X3	.253	.055	.389	4.632	.000

Data processed by author

The constant value of 10.008 means that if price, innovation and brand image are ignored, the purchase decision is 10.008. The price regression coefficient is -0.140, meaning that if the price is increased by one unit of weight with the assumption that innovation and brand image are ignored, the purchasing decision will decrease by -0.140 (14%). The innovation regression coefficient is 0.258, meaning that if the innovation is increased by one unit of weight with the assumption that price and brand image are ignored, the purchase decision will increase by 0.258 (25.8%). The brand image regression coefficient is 0.253 which means that if the brand image is increased by one unit of weight with the assumption that price and innovation are ignored, the purchasing decision will increase by 0.253 (25.3%).

Discussion

For testing hypothesis 1, namely the effect of price on purchasing decisions. From table 8 above, it can be seen that the t statistic is -2.627 and the t table is 1.986 where the t statistic is > from the t table (-2.627 > 1.986) then it can be obtained that Ha is accepted, Ho is rejected.

Ho : Partially there is no significant effect between price and purchasing decisions

Ha : Partially there is a significant influence between price and purchasing decisions.

For testing hypothesis 2, namely the influence of innovation on purchasing decisions. From table 8 above, it can be seen that the t statistic is 4.494 and the t table is 1.986 where t count is greater than t table (4.494 > 1.986) so it can be obtained that Ho is rejected, Ha is accepted.

Ho : Partially there is no significant effect between innovation and purchasing decisions

Ha : Partially there is a significant influence between innovation and purchasing decisions

For testing hypothesis 3, namely the influence of brand image on purchasing decisions. From table 8 above, it can be seen that the t statistic is 4.632 and the t table is 1.986 where the t statistic is greater than the t table (4.494 > 1.986) so it can be obtained that Ho is rejected, Ha is accepted.

Ho : Partially there is no significant effect between brand image and purchasing decisions

Ha : Partially there is a significant influence between brand image and purchasing decisions

4. Conclusion

Based on data analysis, interpretation of research results, and discussions that have been presented previously, several conclusions can be drawn from the research results as follows:

1. The results of the validity test show that all statement items are valid because r statistics > from r table.
2. The results of reliability testing showed that all variables in this study were declared reliable / reliable because Cronbach's alpha was greater than the rule of thumb.
3. There is a negative and significant effect of the price variable on the decision to purchase LENOVO products on students of the Faculty of Economics, Universitas Negeri Padang, Department of Management.
4. Where the obtained t statistic is more than t table (-2.627 < 1.986) with a significant level less than alpha (0.010 < 0.05).
5. There is a positive and significant influence of the innovation variable on the decision to purchase Lenovo products on students of the Faculty of Economics, Universitas Negeri Padang,

- Department of Management. Where obtained t statistic $>$ from t table ($4.494 > 1.986$) with a level significantly smaller than alpha ($0.000 < 0.05$).
6. There is a positive and significant influence of the brand image variable on the decision to purchase LENOVO products on students of the Faculty of Economics, Universitas Negeri Padang, Department of Management. Where obtained t statistic $>$ from t table ($4.6312 > 1.986$) with a significant level less than alpha ($0.000 < 0.05$).
 7. Simultaneously, there is a significant influence between price, innovation, and brand image on purchasing decisions for LENOVO products for students of the Faculty of Economics, Universitas Negeri Padang, Department of Management. Where F count $>$ from F table ($21.902 > 2.70$) with a significantly smaller level than alpha ($0.000 < 0.05$).
- Based on the conclusions that have been made, the authors put forward some suggestions, as follows:
1. For companies
 - a. The company is expected to pay attention in terms of pricing in order to increase the company's sales volume.
 - b. The company is expected to be able to develop more products that have been launched so that consumers are not monotonous towards old products.
 - c. The company is expected to maintain the brand image of LENOVO itself so that consumers are sure of the existence of all products manufactured by the LENOVO company.
 - d. In addition to price, innovation, and brand image, the company must conduct research on other factors that can influence purchasing decisions for LENOVO products.
 2. For further research
This study only measures the price, innovation and brand image variables on purchasing decisions for LENOVO products, for that it is hoped that further research can examine other variables that can influence purchasing decisions.
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